

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL, MINNESOTA

REPORT TO THE COMMISSIONERS

DATE: OCTOBER 25, 2023

REGARDING: RESOLUTION APPROVING THE ISSUANCE BY THE CITY OF COON RAPIDS OF CONDUIT MULTIFAMILY HOUSING REVENUE BONDS ON BEHALF OF MISSISSIPPI VIEW HOUSING PARTNERS, LP USING, IN PART, RECYCLED BONDING AUTHORITY FROM THE FAIRVIEW & UNIVERSITY PROJECT, FAIRVIEW AVENUE & UNIVERSITY AVENUE, DISTRICT 11, WARD 4

Requested Board Action

The purpose of this report is to request the HRA Board to approve a resolution authorizing and approving the issuance of conduit revenue bonds by the City of Coon Rapids using, in part, recycled bonding authority from the repayment of bonds from the Fairview & University project for a 96-unit affordable housing preservation project located in the City of Coon Rapids, Minnesota (the “Issuer”) through the execution of a Joint Powers Agreement.

Background

The Fairview & University project, the Morrow Apartments, located at 1835-1845 University Avenue, consists of 243 affordable rental units developed by Reuter Walton (the “Project”). In November of 2020, the HRA issued \$30 million in conduit tax exempt housing revenue bonds to finance the Project. The Project was completed in 2022 and Reuter Walton has repaid the bonds issued by the HRA for the Project, which project will remain affordable for 30 years. Federal law permits the reuse of bonding authority for affordable housing projects and treats the reuse as a refunding for tax purposes in certain limited circumstances related to timing of when the bonds were issued, when they can be refunded, and when the bonds mature. The recycled bonds do not generate new 4% Low Income Housing Tax Credits (LIHTC).

The HRA has received a request from Vitus to reuse \$3.5 million of bonding authority from the Project to finance the preservation of the Mississippi View Apartments, an existing 96-unit rental housing facility located in the City of Coon Rapids. The ability to issue bonds utilizing the recycled bonding authority from the Project expires on or before April 11, 2024. Staff has evaluated all potential Saint Paul projects that would be able to utilize the recycled tax-exempt authority and

determined that there are two other potential transactions that could utilize at most \$10 million of the \$30 million, therefore, the otherwise unused resource will be able to assist in financing an affordable housing project outside of Saint Paul. Vitus specializes in the preservation of affordable properties in market areas where the need is greatest. In July 2023, they closed on financing to preserve the 104-unit Sherman Forbes project located at 310 West 7th Street.

The proposed resolution will authorize up to \$20,000,000 in total bonds to be issued by the City of Coon Rapids, however, the Joint Powers Agreement will limit the amount of our recycled bonds to no more than \$3,500,000. The HRA will collect a closing fee equal to 0.25% of the amount of bonds issued with Saint Paul's recycled bonding authority.

Budget Action

N/A

Future Action

The City Council will consider a companion resolution on this same date.

Financing Structure

The proposed conduit revenue bonds will be issued by the City of Coon Rapids and will be payable solely from revenues of the Coon Rapids project and shall not constitute an indebtedness, liability, general or moral obligation, or pledge of the faith or credit or taxing power of the HRA or the City.

PED Credit Committee Review

N/A

Compliance

N/A

Green/Sustainable Development

N/A

Environmental Impact Disclosure

N/A

Historic Preservation

N/A

Public Purpose/Comprehensive Plan Conformance

N/A

Statement of Chairman (for Public Hearing)

“Being duly authorized by the Board of Commissioners to conduct this Public Hearing, the hearing is now open. This is a Public Hearing called for the purpose of approving the City of Coon Rapids to issue up to \$20,000,000 in conduit housing revenue bonds, using, in part, recycled bonding authority from the repayment of bonds from the Fairview University project. Notice of time, place, and purpose of this hearing was published in the Pioneer Press, a newspaper of general circulation in the City on the 10th of October 2023. The Affidavit of Publication of the Notice of Public Hearing will be made a part of these proceedings. Is there anyone who wishes to be heard on this matter? If not, the Chair will declare this Public Hearing adjourned.”

Recommendation:

The Executive Director recommends the HRA Board approve the resolution authorizing the issuance of the conduit revenue bonds and the execution of a Joint Powers Agreement.

Sponsored by: Commissioner Mitra Jalali

Staff: Jenny Wolfe, 651-266-6680